

# IRS News Release

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Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

[www.irs.gov/newsroom](http://www.irs.gov/newsroom)Public Contact: 800.829.1040

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## **Credit for Toyota and Lexus Hybrids Begins Phase-Out With Reporting of Third Quarter Sales**

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WASHINGTON — After reviewing the third quarter sales of Toyota Motor Sales, USA, Inc., the Internal Revenue Service announced that purchasers Toyota and Lexus vehicles may continue to claim the Alternative Motor Vehicle Credit. Given the number of vehicles sold, the phase out period for Toyota vehicles began on Oct. 1, 2006.

Toyota sold 57,606 qualifying vehicles to retail dealers in the quarter ending Sept. 30, 2006. This brings the cumulative sales of qualified Toyota hybrid vehicles sold from the period of Jan. 1, 2006, to Sept. 30, 2006, to 144,216.

Taxpayers may claim the full amount of the credit up to the end of the first calendar quarter after the quarter in which the manufacturer records its sale of the 60,000th qualified vehicle. For the second and third calendar quarters after the quarter in which the 60,000th vehicle is sold, taxpayers may claim 50 percent of the credit. For the fourth and fifth calendar quarters, taxpayers may claim 25 percent of the credit. No credit is allowed after the fifth quarter.

For Toyota qualified vehicles bought or leased on or after Oct. 1, 2006, and on or before March 31, 2007, the credit is 50 percent of the otherwise allowable credit amount. Taxpayers buying or leasing vehicles on or after April 1, 2007, and on or before September 30, 2007, can only get 25 percent of the credit.

The make and model year of qualified vehicles sold are:

- Toyota Prius, Model Years 2005, 2006 and 2007
- Toyota Highlander, Hybrid, Model Years 2006 and 2007
- Toyota Camry Hybrid, Model Year 2007
- Lexus RX 400h, Model Years 2006 and 2007
- Lexus GS 450h, Model Year 2007

The applicable credit amounts are as follows:

<b>Qualifying Vehicle</b>	<b>Full Credit When Purchased By 9/30/06</b>	<b>Reduced Credit When Purchased From 10/1/06 through 3/31/07</b>	<b>Reduced Credit When Purchased From 4/1/07 through 9/30/07</b>	<b>Beginning 10/1/07</b>
05, 06 and 07 Toyota Prius	\$3,150	\$1,575	\$787.50	\$0
06 and 07 Toyota Highlander 2WD and 4WD	\$2,600	\$1,300	\$650	\$0
07 Toyota Camry Hybrid	\$2,600	\$1,300	\$650	\$0
06 and 07 Lexus RX 400h 2WD and 4WD	\$2,200	\$1,100	\$550	\$0
07 Lexus GS450h	\$1,550	\$775	\$387.50	\$0

More information on hybrid vehicles and other alternative motor vehicles can be found on the IRS web site at: [www.irs.gov](http://www.irs.gov).